

**STATE RISK MANAGEMENT FUND**  
**INVESTMENT PERFORMANCE REPORT AS OF SEPTEMBER 30, 2008**

|  | September-08     |               |               |                | Current        | Prior Year     | 3 Years      | 5 Years       |
|--|------------------|---------------|---------------|----------------|----------------|----------------|--------------|---------------|
|  | Market Value     | Allocation    | Policy        | Quarter        | FYTD           | FY08           | Ended        | Ended         |
|  |                  | Actual        |               | Net ROR        | Net            | Net            | 6/30/2008    | 6/30/2008     |
|  |                  |               |               |                |                |                | Net          | Net           |
| <b>LARGE CAP DOMESTIC EQUITY</b>                 |                  |               |               |                |                |                |              |               |
| <b>Structured Growth</b>                         |                  |               |               |                |                |                |              |               |
| Los Angeles Capital                              | 109,895          | 3.2%          | 3.4%          | -12.89%        | -12.89%        | -7.79%         | 7.68%        | N/A           |
| <b>Total Structured Growth</b>                   | <b>109,895</b>   | <b>3.2%</b>   | <b>3.4%</b>   | <b>-12.89%</b> | <b>-12.89%</b> | <b>-7.79%</b>  | <b>7.68%</b> | <b>9.56%</b>  |
| Russell 1000 Growth                              |                  |               |               | -12.33%        | -12.33%        | -5.96%         | 5.91%        | 7.32%         |
| <b>Structured Value</b>                          |                  |               |               |                |                |                |              |               |
| <b>LSV</b>                                       | <b>103,833</b>   | <b>3.0%</b>   | <b>3.4%</b>   | <b>-6.65%</b>  | <b>-6.65%</b>  | <b>-21.43%</b> | <b>3.81%</b> | <b>11.57%</b> |
| Russell 1000 Value                               |                  |               |               | -6.11%         | -6.11%         | -18.78%        | 3.53%        | 8.92%         |
| <b>Russell 1000 Enhanced Index</b>               |                  |               |               |                |                |                |              |               |
| <b>LA Capital</b>                                | <b>222,047</b>   | <b>6.5%</b>   | <b>6.8%</b>   | <b>-9.52%</b>  | <b>-9.52%</b>  | <b>-9.54%</b>  | <b>6.97%</b> | <b>N/A</b>    |
| Russell 1000                                     |                  |               |               | -9.35%         | -9.35%         | -12.36%        | 4.81%        |               |
| <b>S&amp;P 500 Enhanced Index</b>                |                  |               |               |                |                |                |              |               |
| <b>Westridge</b>                                 | <b>228,754</b>   | <b>6.7%</b>   | <b>6.8%</b>   | <b>-8.06%</b>  | <b>-8.06%</b>  | <b>-12.18%</b> | <b>4.98%</b> | <b>N/A</b>    |
| S&P 500  |                  |               |               | -8.37%         | -8.37%         | -13.12%        | 4.41%        |               |
| <b>Index</b>                                     |                  |               |               |                |                |                |              |               |
| State Street                                     | 71,756           |               |               | -11.64%        | -11.64%        | -18.24%        | 2.93%        | 6.64%         |
| <b>Total 130/30</b>                              | <b>71,756</b>    | <b>2.1%</b>   | <b>2.3%</b>   | <b>-11.64%</b> | <b>-11.64%</b> | <b>-18.24%</b> | <b>2.93%</b> | <b>6.64%</b>  |
| S&P 500  |                  |               |               | -8.37%         | -8.37%         | -13.12%        | 4.41%        | 7.59%         |
| <b>TOTAL LARGE CAP DOMESTIC EQUITY</b>           | <b>736,285</b>   | <b>21.6%</b>  | <b>22.5%</b>  | <b>-9.42%</b>  | <b>-9.42%</b>  | <b>-12.71%</b> | <b>5.68%</b> | <b>9.31%</b>  |
| S&P 500  |                  |               |               | -8.37%         | -8.37%         | -13.12%        | 4.41%        | 7.59%         |
| <b>SMALL CAP DOMESTIC EQUITY</b>                 |                  |               |               |                |                |                |              |               |
| <b>Manager-of-Managers</b>                       |                  |               |               |                |                |                |              |               |
| <b>SEI</b>                                       | <b>120,208</b>   | <b>3.5%</b>   | <b>3.8%</b>   | <b>-6.64%</b>  | <b>-6.64%</b>  | <b>-20.93%</b> | <b>2.06%</b> | <b>9.10%</b>  |
| Russell 2000 + 200bp                             |                  |               |               | -0.61%         | -0.61%         | -14.48%        | 5.88%        | 12.50%        |
| <b>Enhanced</b>                                  |                  |               |               |                |                |                |              |               |
| <b>Research Affiliates</b>                       | <b>129,808</b>   | <b>3.8%</b>   | <b>3.8%</b>   | <b>-2.34%</b>  | <b>-2.34%</b>  | <b>N/A</b>     | <b>N/A</b>   | <b>N/A</b>    |
| Russell 2000                                     |                  |               |               | -1.11%         | -1.11%         | -16.19%        |              |               |
| <b>TOTAL SMALL CAP DOMESTIC EQUITY</b>           | <b>250,016</b>   | <b>7.3%</b>   | <b>7.5%</b>   | <b>-4.46%</b>  | <b>-4.46%</b>  | <b>-21.14%</b> | <b>1.97%</b> | <b>9.04%</b>  |
| Russell 2000                                     |                  |               |               | -1.11%         | -1.11%         | -16.19%        | 3.79%        | 10.29%        |
| <b>DOMESTIC FIXED INCOME</b>                     |                  |               |               |                |                |                |              |               |
| <b>Core Bond</b>                                 |                  |               |               |                |                |                |              |               |
| <b>Western Asset</b>                             | <b>670,669</b>   | <b>19.7%</b>  | <b>20.2%</b>  | <b>-5.05%</b>  | <b>-5.05%</b>  | <b>2.06%</b>   | <b>2.76%</b> | <b>3.55%</b>  |
| Lehman Aggregate                                 |                  |               |               | -0.49%         | -0.49%         | 7.12%          | 4.09%        | 3.86%         |
| <b>Mortgage Backed</b>                           |                  |               |               |                |                |                |              |               |
| <b>Hyperion</b>                                  | <b>129,072</b>   | <b>3.8%</b>   | <b>5.2%</b>   | <b>-21.09%</b> | <b>-21.09%</b> | <b>-20.24%</b> | <b>N/A</b>   | <b>N/A</b>    |
| Lehman Global Aggregate (US Securitized Portion) |                  |               |               | -1.46%         | -1.46%         | 10.14%         |              |               |
| <b>Core Plus/Enhanced</b>                        |                  |               |               |                |                |                |              |               |
| Clifton Group                                    | 204,278          | 6.0%          | 5.2%          | 0.43%          | 0.43%          | 10.17%         | N/A          | N/A           |
| Prudential                                       | 199,048          | 5.8%          | 5.2%          | -1.35%         | -1.35%         | 4.89%          | N/A          | N/A           |
| <b>Total Core Plus/Enhanced</b>                  | <b>403,326</b>   | <b>11.8%</b>  | <b>10.4%</b>  | <b>-0.46%</b>  | <b>-0.46%</b>  | <b>7.55%</b>   | <b>N/A</b>   | <b>N/A</b>    |
| Lehman Aggregate                                 |                  |               |               | -0.49%         | -0.49%         | 7.12%          |              |               |
| <b>Index</b>                                     |                  |               |               |                |                |                |              |               |
| <b>Bank of ND</b>                                | <b>351,672</b>   | <b>10.3%</b>  | <b>9.1%</b>   | <b>-1.24%</b>  | <b>-1.24%</b>  | <b>7.68%</b>   | <b>3.93%</b> | <b>3.28%</b>  |
| Lehman Gov/Credit (1)                            |                  |               |               | -1.64%         | -1.64%         | 7.24%          | 3.84%        | 3.24%         |
| <b>BBB Average Quality</b>                       |                  |               |               |                |                |                |              |               |
| <b>Wells Capital (formerly Strong)</b>           | <b>687,612</b>   | <b>20.2%</b>  | <b>20.2%</b>  | <b>-3.67%</b>  | <b>-3.67%</b>  | <b>3.55%</b>   | <b>3.04%</b> | <b>3.85%</b>  |
| Lehman US Credit BAA                             |                  |               |               | -4.85%         | -4.85%         | 2.62%          | 2.52%        | 3.59%         |
| <b>TOTAL DOMESTIC FIXED INCOME</b>               | <b>2,242,352</b> | <b>65.8%</b>  | <b>65.0%</b>  | <b>-4.37%</b>  | <b>-4.37%</b>  | <b>2.32%</b>   | <b>3.89%</b> | <b>5.04%</b>  |
| Lehman Aggregate (2)                             |                  |               |               | -0.49%         | -0.49%         | 7.12%          | 4.09%        | 3.73%         |
| <b>CASH EQUIVALENTS</b>                          |                  |               |               |                |                |                |              |               |
| <b>Bank of ND</b>                                | <b>179,902</b>   | <b>5.3%</b>   | <b>5.0%</b>   | <b>0.48%</b>   | <b>0.48%</b>   | <b>3.43%</b>   | <b>4.10%</b> | <b>3.38%</b>  |
| 90 Day T-Bill                                    |                  |               |               | 0.63%          | 0.63%          | 3.63%          | 4.27%        | 3.18%         |
| <b>TOTAL RISK MANAGEMENT FUND</b>                | <b>3,408,554</b> | <b>100.0%</b> | <b>100.0%</b> | <b>-5.32%</b>  | <b>-5.32%</b>  | <b>-2.70%</b>  | <b>3.47%</b> | <b>4.88%</b>  |
| <b>POLICY TARGET BENCHMARK</b>                   |                  |               |               | <b>-2.24%</b>  | <b>-2.24%</b>  | <b>0.45%</b>   | <b>4.31%</b> | <b>5.12%</b>  |

**NOTE: Monthly returns and market values are preliminary and subject to change.**

(1) From April 1, 2004, through June 30, 2005, the benchmark was the LB Intermediate Govt/Credit index.

(2) Prior to July 1, 2005, the benchmark was LB Govt/Credit Index.